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1

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PAGE 01 KIGALI 00914 01 OF 02 041115Z
ACTION AF-01

INFO	LOG-00	AID-01	CEA-01	CIAE-00	CTME-00	C-01	OASY-00
	DODE-00	EB-01	EXIM-01	E-01	FRB-01	HA-09	H-01
	TEDE-00	INR-00	ITC-01	LAB-01	L-01	ADS-00	NSAE-00
	NSCE-00	OMB-01	OPIC-01	PA-01	PM-01	PRS-01	P-01
	SNP-00	SP-00	SS-00	STR-01	TRSE-00	T-00	USIE-00
	RPE-01	/029W					

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R 041025Z MAR 94
FM AMEMBASSY KIGALI
TO SECSTATE WASHDC 5863
USDOC WASHDC

LIMITED OFFICIAL USE SECTION 01 OF 02 KIGALI 00914

USDOC FOR 4501/EXP/IEP/ANESA/OA/PMICHELINI

E.O. 12356:OADR:DECL.

TAGS: EINV, KPIV, ECON, PGOV, BBSR, RW

SUBJECT: ATN SUBMITS ITS BID IN RWANDATEL PRIVATIZATION

1. SUMMARY. ATLANTIC TELENETWORK (ATN) SUBMITTED ITS BID IN THE PRIVATIZATION OF RWANDATEL (RWANDA'S NATIONAL TELEPHONE COMPANY). ATN'S COMPANY REPRESENTATIVE STRESSED THE COMPANY'S ADVANTAGES TO KEY GOVERNMENT OFFICIALS, INCLUDING RPF MINISTER DESIGNATE OF COMMUNICATIONS. THE RPF SAYS THAT ITS NOT AGAINST PRIVATIZATION; IT JUST WANTS TO BE INCLUDED IN THE

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PAGE 02 KIGALI 00914 01 OF 02 041115Z
DECISION-MAKING PROCESS. THE EXPECTED MID-APRIL DECISION OF THE COMMITTEE REVIEWING BIDS WILL HAVE TO WAIT FOR THE TRANSITION GOVERNMENT'S APPROVAL BEFORE ANNOUNCING THE WINNER. END SUMMARY.

2. KEVIN CALLWOOD, CONSULTANT FOR ATLANTIC TELE-NETWORK (ATN), SUBMITTED THE AMERICAN COMPANY'S BID IN THE PRIVATIZATION OF RWANDATEL (RWANDA'S NATIONAL TELEPHONE COMPANY) ON TUESDAY, MARCH 1. BIDS WERE OPENED AT 10:00 A.M. BY THE DIRECTOR GENERAL OF THE MINISTRY OF PLANNING. OTHER BIDDERS INCLUDED FRANCE CABLE AND RADIO (PCR) - A SUBSIDIARY OF FRANCE TELECOM, BELGACOM - THE BELGIUM TELECOMMUNICATIONS COMPANY, AND MARCONI OF PORTUGAL.

3. AFTER THE SUBMISSION OF ATN'S BID, ECONOFF

UNITED STATES DEPARTMENT OF STATE

Page - 1

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REVIEW AUTHORITY:
EDWARD W. HOLMES

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1

ACCOMPANIED MR. CALLWOOD TO MEETINGS WITH THE MINISTER OF FINANCE, THE DIRECTOR OF CABINET FOR THE CURRENT MINISTER OF COMMUNICATIONS AND TRANSPORT, THE DIRECTOR GENERAL OF RWANDATEL, AND THE WORLD BANK CONSULTANT FOR PRIVATIZATION OF RWANDAN PARASTATALS. AT ALL FOUR MEETINGS, MR. CALLWOOD STRESSED ATN'S ADVANTAGES OVER ITS COMPETITORS AS A SMALL PRIVATE COMPANY WITH DEMONSTRATED SUCCESS IN GUYANA, A TECHNICAL ENVIRONMENT SIMILAR TO RWANDA'S.

4. THE AMBASSADOR AND ECONOFF ALSO ACCOMPANIED MR CALLWOOD TO THE RPF HEADQUARTERS AT MULINDI TO MEET WITH THE RPF DESIGNATED MINISTER OF COMMUNICATIONS AND TRANSPORTATION TO DISCUSS ATN'S BID. ON FEBRUARY 21, PRIOR TO THE VISIT, THE RPF HAD SENT A LETTER TO THE
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PAGE 03 KIGALI 00914 01 OF 02 041115Z
CURRENT GOVERNMENT MINISTERS INVOLVED IN THE PRIVATIZATION, STATING THAT NO FINAL DECISIONS ON THE PRIVATIZATION OF ANY OF RWANDA'S STATE OWNED COMPANY'S SHOULD BE MADE UNTIL THE ESTABLISHMENT OF THE TRANSITION GOVERNMENT. THE RPF SAID THAT ACCORDING TO THE ARUSHA ACCORDS, THE CURRENT GOVERNMENT ONLY HAD THE AUTHORITY TO HANDLE ROUTINE ADMINISTRATIVE AFFAIRS.

5. DURING THE MEETING, THE MINISTER DESIGNATE EXPLAINED THAT THE RPF WAS NOT AGAINST PRIVATIZATION IN PRINCIPLE; THEY ONLY WANTED TO BE INCLUDED IN THE DECISION-MAKING PROCESS. TO DATE, SHE SAID THAT THE RPF HAD NOT BEEN INFORMED ABOUT THE PROCESS FOR PRIVATIZING ANY OF THE COMPANIES THAT WOULD FALL UNDER THE JURISDICTION OF MINISTRIES TO BE HEADED BY THE RPF. SHE ADDED THAT THE RPF WAS CONCERNED THAT THE GOVERNMENT WAS TRYING TO PUSH THESE PRIVATIZATIONS THROUGH BEFORE THE TRANSITION GOVERNMENT FORMED FOR POLITICAL REASONS. THE RPF THEREFORE FELT THAT IT NEEDED TO ISSUE ITS STATEMENT OF FEBRUARY 21 TO ADVISE THE CURRENT GOVERNMENT THAT THEY WOULD NOT APPROVE ANY DECISIONS FOR PRIVATIZATION UNTIL THEY WERE PART OF THE GOVERNMENT.

6. MR. CALLWOOD TOLD THE MINISTER DESIGNATE THAT HE UNDERSTOOD THE RPF'S POSITION. THE AMBASSADOR AGREED THAT UNDER THE ARUSHA ACCORDS, THE CURRENT GOVERNMENT DID NOT HAVE THE POLICY PEROGATIVE TO MAKE THE FINAL DECISION ON THE PRIVATIZATION OF THE TELEPHONE COMPANY. YET, MR. CALLWOOD EXPLAINED THAT THE CURRENT PROCESS AS HE UNDERSTOOD IT WOULD NOT RESULT IN A FINAL DECISION
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1

PAGE 04 KIGALI 00914 01 OF 02 041115Z
ON THE WINNING COMPANY FOR AT LEAST A MONTH IN WHICH
TIME THE TRANSITION GOVERNMENT COULD STILL BE FORMED.

7. AS MR. CALLWOOD EXPLAINED, A COMMITTEE COMPOSED OF
REPRESENTATIVES FROM THE MINISTRY OF TRANSPORT AND
COMMUNICATIONS, PLANNING, AND FINANCE, AND
REPRESENTATIVES FROM RWANDATEL AND THE WORLD BANK
CONSULTANT TEAM FOR PRIVATIZATION WOULD REVIEW ALL OF
THE TECHNICAL BIDS OVER THE NEXT THREE WEEKS, RANKING
EACH OF THE BIDS. THE FINANCIAL BIDS WOULD THEN BE
OPENED AND THE COMMITTEE'S FINAL CHOICE WOULD BE GIVEN

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PAGE 01 KIGALI 00914 02 OF 02 041116Z
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	RPE-01	/029W					

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TO THE GOVERNMENT FOR APPROVAL BY MID-APRIL.

PRESUMABLY, THE TRANSITION GOVERNMENT - NOT THE CURRENT

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1

GOVERNMENT - WOULD APPROVE THE COMMITTEE'S DECISION.
THE WORLD BANK THEN WOULD BE ASKED TO ACCEPT RWANDA'S
CHOICE AND NEGOTIATIONS FOR THE TRANSFER OF SHARES TO
THE WINNING COMPANY COULD THEN BEGIN.

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PAGE 02 KIGALI 00914 02 OF 02 041116Z
8. THE MINISTER DESIGNATE THANKED MR. CALLWOOD FOR
PROVIDING HER WITH INFORMATION ON WHO HAD SUBMITTED
BIDS AND HOW THE SELECTION PROCESS WOULD PROCEED. SHE
SAID THAT NONE OF THE OTHER COMPANIES HAD COME TO TALK
WITH THE RPF. THE MINISTER ALSO ASKED MR. CALLWOOD IF
HE COULD PROVIDE HER WITH A COPY OF THE BIDDING
SPECIFICATIONS, ATN'S TECHNICAL PROPOSAL AND GENERAL
INFORMATION ON THE COMPANY AND ITS BACKGROUND. SHE
CONCLUDED THE DISCUSSION BY STATING THAT SHE HOPED THE
CURRENT GOVERNMENT WOULD NOT MAKE ANY DECISIONS IN THE
RPF'S ABSENCE.

9. COMMENT. ATN HAS A STRONG CHANCE OF BEING CHOSEN AS
RWANDATEL'S NEW JOINT VENTURE PARTNER. FOUR MEMBERS OF
THE TECHNICAL REVIEW COMMITTEE PRIVATELY TOLD MR
CALLWOOD AND ECONOFF THAT THEY WANTED TO SEE ATN WIN.
THE VISIT TO THE RPF WAS ALSO VERY PRODUCTIVE IN
DEMONSTRATING THAT ATN WAS READY TO WORK AS A NEUTRAL
PARTNER WITH THE NEW TRANSITION GOVERNMENT. SINCE THE
CURRENT GOVERNMENT HAS NOT PROVIDED THE MINISTER
DESIGNATE WITH ANY INFORMATION ON THE PROCESS, ATN IS
IS IN A PERFECT POSITION TO NOT ONLY GIVE HER THE
GENERAL BIDDING INFORMATION BUT TO MAKE THE CASE FOR
ATN'S BID. THE VISIT WITH THE RPF ALSO GAVE THEM
REASON TO LOOK BEYOND THE CURRENT IMPASSE AND BEGIN
THINKING AHEAD TO THEIR ROLE IN THE TRANSITION
GOVERNMENT. END COMMENT. RAWSON

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